



Cost-Saving Construction
Opportunities and the
HOME Program:
Making the Most of
HOME Funds

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Preface

Efforts to expand the supply of affordable housing under the HOME Program are constrained by the high cost of new construction and rehabilitation. There are many documented methods for helping to reduce costs in construction projects. Participating jurisdictions (PJs) in the HOME program can leverage available funding by taking advantage of available cost-saving building technologies and construction techniques to reduce the cost of new construction or rehabilitation.

This model identifies numerous cost-saving opportunities in residential construction, for potential inclusion in HOME activities. It is written for PJ directors and technical staffs, specialists in new construction and rehabilitation, nonprofit housing providers, private-sector builders and remodelers, and others providing services funded directly or indirectly through the HOME program.

Although the specific technologies and construction techniques discussed in this model have been used in many areas of this country, users are advised to consult with local building code authorities concerning the acceptability of specific practices in particular situations.

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Introduction

The high cost of new construction and rehabilitation work is a major obstacle to expanding the supply of affordable housing in the United States. The U.S. Department of Housing and Urban Development (HUD) has consistently supported efforts to reduce the cost of housing through research projects and field demonstrations, including Operation Breakthrough in the early 1970s and the Joint Venture for Affordable Housing in the 1980s. Other organizations dedicated to providing housing, such as the Enterprise Foundation, have also contributed to the understanding of cost-saving approaches in construction work.

The HOME Program, created under the National Affordable Housing Act of 1990, establishes a new national approach to increasing the supply of affordable housing. Jurisdictions that participate in the HOME Program have the opportunity to define local housing needs and channel available funds to meet those needs. Whether the focus is on multifamily rehabilitation, rental housing production, or first-time homebuyer assistance, the problem of high cost remains, and limits what can be accomplished with HOME funds. Jurisdictions that want to make the most of HOME financing need to take advantage of what has been learned about reducing costs in construction.

This model is intended to encourage more widespread use of available cost-saving technologies and construction techniques in projects receiving HOME funding—including both new construction and rehabilitation. Scores of cost-saving opportunities, including potential applicability and citations to sources for further information, are described. All of the cost-saving opportunities are of course not applicable in every project—many have the potential to reduce costs by large amounts per unit, but others will save only a few dollars. Regardless of the actual cost savings, every dollar of avoided costs helps available HOME funding go further. Keeping unit costs lower has other potential advantages under HOME, including:

- Reducing the amount of locally required matching funds;

- Helping to ensure compliance with maximum per-unit subsidies under 24 CFR section 92.250; and
- Limiting the extent to which properties are “substantially rehabilitated” at a cost in excess of \$25,000 per unit, and therefore subject to special requirements under 24 CFR section 92.251(a).

Readers are encouraged to become familiar with the procedures discussed, and to promote their use, as appropriate, in each HOME-funded project in their jurisdiction.

Chapter One explains how to use this model, identifies other model HOME programs where this approach is relevant, and cites major publications and organizations where additional information on these and other cost-saving opportunities can be found.

Chapter Two includes general information about the development of cost-saving building technologies and construction techniques, and describes them by phase of construction as follows:

- Foundations;
- Framing;
- Alternatives to lumber and plywood;
- Electrical;
- Plumbing;
- Finishes and trim;
- Energy;
- Water service;
- Sewage disposal;
- Land planning; and
- Site development.

Code status, potential savings, graphics, and references are included for most techniques.

The Appendix presents a comprehensive matrix of cost-saving technologies, classifying each technology according to applicability for single-family homes,

multifamily homes, new construction, and rehabilitation. Technologies and methods described in Chapter Two are included in the matrix.

References include resources that can be easily accessed by participating jurisdiction (PJ) housing specialists and local contracting firms that bid on HOME projects.